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Released Pursuant to \$1090.27(j) and \$1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

ANNOUNCED 1967 PRODUCER BASES

The average daily bases that producers established during the months of September 1966 thru January 1967 were announced by the Market Administrator during February 1967. These bases are to be used by handlers for making payments to producers for milk deliveries during March thru July 1967. Any producer who established a base but did not receive a base notice should contact the office of the Market Administrator.

MARKET SUMMARY - FEBRUARY 1967

The Order MINIMUM producer uniform price is \$5.50 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5 percent butterfat. This is a producer uniform price increase of \$0.63 per cwt. over February 1966.

During February, 80.8% of the total producer milk was priced in Class I at \$6.05 per cwt. with a butterfat differential of 8.6 cents and 19.2% in Class II at \$3.37 per cwt. with a butterfat differential of 7.6 cents. The daily average use of Gross Class I milk decreased 3.6% compared with January 1967 and decreased 10.3% compared with February 1966.

Daily average delivery of milk from producers was 558,785 pounds in February 1967, a decrease of 22,929 pounds per day compared with January 1967 and a decrease of 57,914 pounds compared with February 1966. Percentage-wise, February deliveries decreased 3.9% compared with January 1967 and decreased 9.4% compared with Feb. 1966.

MILK SAMPLES TESTED - Producer Fresh Samples 4,248 - Handler Finished Products 183.

USDA AMENDS AND EXPANDS KNOXVILLE FEDERAL MILK ORDER

The U. S. Department of Agriculture has announced the amendment and expansion of the Knoxville, Tennessee federal milk marketing order, to become effective March 1, 1967. Officials of USDA's Consumer and Marketing Service said the amended order has been approved by more than the required two-thirds of dairy farmers serving the market.

The amended order provides for expanding the marketing area to include all of the 15 Tennessee counties of Anderson, Blount, Campbell, Cocke, Cumberland, Grainger, Hamblen, Jefferson, Knox, Loudon, Morgan, Roane, Scott, Sevier, and Union. The order previously covered Knox County, the cities of Alcoa and Maryville in Blount County, and Oak Ridge in Anderson County.

The amendment in the base-excess plan permits assignment of a marketing base to dairy farmers serving a nonpool plant in base-making months, if the plant is regulated by the order in later base-paying months.

Another change eliminates the Midwest condensery price as an alternative for pricing manufacturing (Class II) milk. Other amendments modify provisions on milk diversions, purchases of fluid milk products by producer-handlers, and butterfat differentials affecting prices.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Feb. '67 Over Feb. '66	Feb. 1967	Jan. 1967	Feb. 1966
Number of Plants (Pool and Non-Pool)		9	9	11
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	- 9.4	558,785	581,714	616,699
Other Source	- 28.1	15,172	16,483	21,095
Other Federal Orders	+348.6	49,355	47,764	11,003
Total Milk Receipts	- 3.9	623,312	645,961	648,797
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	- 9.3	380,579	375,146	419,487
Regular Skim	- 0.2	17,238	16,888	17,265
Special Skim - 2%	+197.8	32,341	25,470	10,859
Buttermilk	- 4.2	41,416	41,013	43,250
Flavored Milk and Drink	- 9.0	11,633	11,864	12,788
Fluid Cream (Sweet and Sour)	+ 0.6	2,995	2,780	2,976
Other (Shrinkage, Inventory, etc.)		1,638	2,401	3,310
Transfers to Non-Pool Plants		2,158	32,821	36,097
Total Class I Milk	- 10.3	489,998	508,383	546,032
Class II Uses:				
Ice Cream Mixes		31,082	27,694	32,665
Cottage Cheese		32,013	28,261	22,203
Powdered and Condensed Milk		12,128	21,621	21,544
Livestock Feed and Skim Dumped		6,121	5,373	6,279
Shrinkage Class II		10,669	9,595	9,934
Other (Butter, Inventory, etc.)		(3,951)	9,022	(1,227)
Transfers to Non-Pool Plants		45,252	36,012	11,367
Total Class II Milk	+ 29.7	133,314	137,578	102,765
Class I Pounds in Marketing Area	- 0.5	313,089	308,817	314,574
Class I Pounds Outside Marketing Area	- 23.6	176,909	199,566	231,458
Gross Class I Butterfat Pounds	- 14.3	17,064	17,853	19,904
Gross Class II Butterfat Pounds	+ 26.7	8,376	8,692	6,609
Total Butterfat Pounds	- 4.0	25,440	26,545	26,513
% Producer Milk of Gross Class I		114.0	114.4	112.9
% Producer Milk Priced in Class I		80.8	80.5	86.7

MARCH 1967 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$ 1090.51(a)</u>	<u>Mar. '67</u>	<u>Feb. '67</u>	<u>Mar. '66</u>
Basic Formula	\$4.15	\$4.26	\$3.58
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.02	0.04	0.00
Class I Price, 3.5% Butterfat	\$5.92	\$6.05	\$5.33
Supply-Demand Comparison: 1st and 2nd preceding months: January and February			
Supply: Lbs. Producer Milk (Jan. 18,033,144 and Feb. 15,645,971)			33,679,115
Demand: Lbs. Net Class I Milk (Jan. 15,566,397 and Feb. 13,538,487)			29,104,884
Utilization Percentage: Producer milk divided by Class I			116
Standard Utilization Percentage: Range 117-121			117
Net Deviation Percentage: Utilization minus Standard Utilization			minus 1
Supply-Demand Adjustment: 2 cents x 1 percentage point			plus \$0.02

Since the supply in relation to the demand is less than the desired standard, the price is increased 2 cents per hundredweight (2 cents x 1 percentage point)

COMPUTATION OF PRODUCER UNIFORM PRICE

FEBRUARY 1967	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		13,719,942	3.483		
Less Other Source		1,075,285	3.245		
Producer Milk Class I	80.8	12,644,657	3.502736	\$6.052353	\$765,299.28
Gross Class II		3,732,788	6.283		
Less Other Source		731,474	3.773		
Producer Milk Class II	19.2	3,001,314	6.894480	5.949805	178,572.33
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	15,645,971	4.153363		\$943,871.61
Add Fractional Adjustment					0.02
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		80,755			3,724.31
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,952.22
TOTAL VALUE AT TEST		15,726,726	4.141421	\$6.075951	\$955,548.16
Less Test over 3.5% @ 8.2¢ per point		15,726,726	.641421	0.525965	82,717.07
TOTAL UTILIZATION VALUE AT 3.5%		15,726,726	3.5	5.549986	\$872,831.09
Less Producer-Settlement Fund Reserve		15,726,726		.049986	7,861.16
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		15,726,726	3.5	\$5.50	\$864,969.93

FEBRUARY 1967 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$5.09	3.6	\$5.582	4.2	\$6.074	4.8	\$6.566	5.4	\$7.058
3.05	5.131	3.65	5.623	4.25	6.115	4.85	6.607	5.45	7.099
3.1	5.172	3.7	5.664	4.3	6.156	4.9	6.648	5.5	7.14
3.15	5.213	3.75	5.705	4.35	6.197	4.95	6.689	5.55	7.181
3.2	5.254	3.8	5.746	4.4	6.238	5.0	6.73	5.6	7.222
3.25	5.295	3.85	5.787	4.45	6.279	5.05	6.771	5.65	7.263
3.3	5.336	3.9	5.828	4.5	6.32	5.1	6.812	5.7	7.304
3.35	5.377	3.95	5.869	4.55	6.361	5.15	6.853	5.75	7.345
3.4	5.418	4.0	5.91	4.6	6.402	5.2	6.894	5.8	7.386
3.45	5.459	4.05	5.951	4.65	6.443	5.25	6.935	5.85	7.427
3.5	5.50	4.1	5.992	4.7	6.484	5.3	6.976	5.9	7.468
3.55	5.541	4.15	6.033	4.75	6.525	5.35	7.017	5.95	7.509

CLASSIFICATION OF PRODUCER MILK - 1966

Date	Class I			Class II			Total-100%	
	Pounds	Test	Percent	Pounds	Test	Percent	Pounds	Test
Jan.	16,312,986	3.61	82.9	3,364,208	7.06	17.1	19,677,194	4.20
Feb.	14,971,602	3.66	86.7	2,295,964	7.89	13.3	17,267,566	4.22
Mar.	16,045,855	3.60	81.2	3,711,925	6.01	18.8	19,757,780	4.06
Apr.	15,671,711	3.53	76.1	4,913,006	5.20	23.9	20,584,717	3.93
May	15,253,157	3.62	73.5	5,493,887	4.86	26.5	20,747,044	3.95
June	14,314,439	3.54	76.4	4,427,194	5.07	23.6	18,741,633	3.90
July	13,964,931	3.55	80.6	3,363,570	5.30	19.4	17,328,501	3.89
Aug.	14,287,137	3.55	76.5	4,389,692	4.88	23.5	18,676,829	3.87
Sept.	16,470,383	3.58	88.8	2,067,068	6.92	11.2	18,537,451	3.95
Oct.	15,471,986	3.65	85.3	2,676,536	7.07	14.7	18,148,522	4.15
Nov.	14,232,796	3.56	83.9	2,725,221	7.53	16.1	16,958,017	4.20
Dec.	14,776,603	3.59	82.8	3,067,602	7.27	17.2	17,844,205	4.22
Total	181,773,586			42,495,873			224,269,459	
Average	15,147,799	3.59	81.1	3,541,323	6.26	18.9	18,689,122	4.05

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Feb.'66	\$4.87	-	-	7.6¢	\$5.18	7.7¢	\$3.01	7.1¢
Mar.	4.89 ^{2/}	\$5.00	\$3.04	7.8	5.33	8.0	3.08	7.3
Apr.	4.85 ^{2/}	5.06	3.00	7.8	5.45	8.2	3.04	7.2
May	4.79 ^{2/}	4.97	3.02	8.0	5.45	8.2	3.06	7.3
June	4.87 ^{2/}	5.01	3.08	8.0	5.45	8.3	3.12	7.6
July	5.28 ^{2/}	5.44	3.24	8.4	5.767	8.6	3.28	8.2
Aug.	5.27	-	-	9.0	5.84	9.3	3.49	8.4
Sept.	5.66	-	-	9.4	5.87	9.5	4.25	8.6
Oct.	5.65	-	-	9.2	6.01	9.7	3.99	7.9
Nov.	5.68	-	-	8.6	6.09	8.9	3.95	7.8
Dec.	5.65	-	-	8.4	6.07	8.8	3.90	7.6
Jan.'67	5.62	-	-	8.2	6.09	8.6	3.90	7.6
Feb.	5.50	-	-	8.2	6.05	8.6	3.37	7.6
Mar.	-	-	-	-	5.92	8.6	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS				Basic Formula \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	Minn/Wisc. Mfg. Milk \$-cwt-3.5%	
	Milk Mfg.	Powder					
Feb.'66	3.01	3.32	3.363	61.80	14.59	3.58	3.58
Mar.	3.08	3.39	3.450	63.40	14.81	3.68	3.68
Apr.	3.04	3.48	3.400	62.80	16.02	3.64	3.64
May	3.06	3.55	3.425	63.54	16.70	3.65	3.65
June	3.12	3.65	3.500	65.99	16.81	3.82	4.00
July	3.28	4.02	3.688	71.19	18.83	4.05	4.05
Aug.	3.49	4.17	3.913	73.05	19.63	4.26	4.26
Sept.	3.55	4.25	3.981	74.88	19.73	4.34	4.34
Oct.	3.57	3.99	3.969	68.80	19.64	4.26	4.26
Nov.	3.52	3.95	3.913	67.70	19.74	4.15	4.26 ^{4/}
Dec.	3.50	3.90	3.881	66.49	19.58	4.14	4.26 ^{4/}
Jan.'67	3.47	3.90	3.850	66.47	19.57	4.08	4.26 ^{4/}
Feb.	3.37	3.86	3.750	66.47	19.46	4.02	4.15 ^{4/}

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Feb. '66	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22
Mar.	11	671,086	526,847	517,608	637,348	600,154	660	966	909	57	4.06
Apr.	11	726,873	528,830	522,390	686,157	617,814	653	1,051	946	105	3.93
May	11	709,820	498,267	492,037	669,259	606,628	646	1,036	939	97	3.95
June	11	664,459	492,255	477,148	624,721	579,064	642	973	902	71	3.90
July	9	606,531	461,978	450,482	558,984	520,301	601	930	866	64	3.89
Aug.	9	627,073	467,668	460,875	602,478	-	602	1,001	-	-	3.87
Sept.	9	669,440	573,722	549,013	617,915	-	591	1,046	-	-	3.95
Oct.	9	641,779	534,469	499,096	585,436	-	575	1,018	-	-	4.15
Nov.	9	621,225	507,725	474,427	565,267	-	571	990	-	-	4.20
Dec.	10	642,424	511,500	476,665	575,620	-	572	1,006	-	-	4.22
Jan. '67	9	645,961	508,383	468,006	581,714	-	568	1,024	-	-	4.21
Feb.	9	623,312	489,998	451,595	558,785	-	550	1,016	-	-	4.15

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Basic Formula "floor" per Order Amendment, December 1, 1966

MILK ORDERS HELP ASSURE ADEQUATE SUPPLIES OF MILK

Several important actions under the Federal milk marketing order program helped assure adequate supplies of fresh, wholesome milk for Americans during 1966.

With milk production decreasing across the Nation, serious shortages of milk were threatened until the U. S. Department of Agriculture acted to strengthen prices farmers receive for their milk, and thus encourage sufficient production to meet consumer demands.

Total milk production in January and February 1966 was more than 5 percent below a year earlier, but in recent months production has been stronger, and milk production for the year was about 3 percent below 1965. By the end of the year, milk production began to edge above year-earlier levels.

Some 146,000 dairy farmers during the year delivered nearly 53.1 billion pounds of milk--12.3 billion half-gallons--valued at about \$2.7 billion based on minimum prices specified in milk order provisions. This was an average price of about 22 cents a half-gallon which farmers received for the milk they supplied to areas regulated under the Federal milk marketing order program.

The USDA estimates that at the beginning of 1967 about 114 million Americans were getting their milk supply through dealers whose operations came under the 73 Federal milk marketing orders. The marketing order areas include most of the Nation's major population centers.

Never before have so many people been served by the Federal milk orders, which are initiated at the request of dairy farmers. They are made effective and continue in effect only with the farmers' approval, and are administered by USDA's Consumer and Marketing Service.

Adoption of new orders, expansion in marketing areas covered by existing orders, and population gains in areas already covered, accounted for the increase in total population of the milk order areas.

The orders establish minimum prices to dairy farmers, based on supply and demand conditions. They are flexible enough to meet and ameliorate changing marketing conditions which endanger supplies of milk for the public.

Only at this first level of trade, however, as milk leaves the farm to enter the marketing system, do Federal orders set prices for the milk. In so doing they lay the groundwork for building more stable marketing conditions between dairy farmers and dealers. The ensuing benefit to people living in areas covered by the orders is a sure supply of fresh, high-quality milk for their day-to-day needs.

PRODUCER ANNOUNCED BASES - FOUR YEARS COMPARISON

Base Range Pounds	1967	1966	1965	1964	Base Range Pounds	1967	1966	1965	1964
Number of Producers					Number of Producers				
0-199	9	12	26	24	800- 899	36	52	51	52
200-299	27	34	34	49	900- 999	56	43	46	38
300-399	39	50	48	66	1000-1499	125	137	129	112
400-499	46	65	73	92	1500-1999	44	53	46	40
500-599	52	51	69	70	2000-2499	23	25	12	11
600-699	42	68	62	73	Over-2500	29	28	19	9
700-799	39	45	61	47	Total Prod.	567	663	676	683

MILK MARKETING AREAS UNDER FEDERAL ORDERS AS OF JANUARY 1, 1967

DIFFERENCES IN SHADING MERELY SERVE TO DIFFERENTIATE BETWEEN MARKETING AREAS

SCALE IN MILES
0 100 200
ALBERS EQUAL-AREA PROJECTION

U. S. DEPARTMENT OF AGRICULTURE
CENSUS OF AGRICULTURE

SCALE IN MILES

0 100 200 300

ALBERS EQUAL-AREA PROJECTION

U. S. DEPARTMENT OF AGRICULTURE